Building Democracy from the Grassroots

Presentations from the forum held in the Hall of the Americas

Organization of American States, Washington, D.C.

July 16, 2001

**The Unit for the Promotion of Democracy,
General Secretariat of the
Organization of American States**

and

The Inter-American Foundation

All of the Voices

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> *Among the laws that rule human societies there is one which seems to be more precise and clear than all the others. If men are to remain civilized or to become so, the art of associating together must grow and improve in the same ratio in which equality of conditions is increased.*
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> —Alexis de Tocqueville, *Democracy in America*

The Inter American Foundation has been supporting community-level development initiatives in Latin America and the Caribbean since 1971, longer than any other major donor. Development thinking has evolved over the last few years from a strictly economic approach to a sharper focus on the civic connectedness within communities and nations. It hypothesizes that this capacity to concert, particularly at the local level, translates into trustworthy public institutions on which economic action and public life in general shall be reliably based.

The IAF decided it needed to ascertain whether its style of support helped build this civic connectedness and how. It commissioned an overview of how eight selected initiatives contributed to the civic fabric of the communities in which they were inserted, and how each might have been assisted to better fulfill this role.

The findings confirm civic connectedness grows organically via the action of communities themselves; it cannot be built from outside. However, it can be fostered by facilitating the conversation whereby communities learn to identify their shared needs, to plan strategies to address them and to carry out their plans. Yet development assistance programs may in fact discourage this conversation by pushing prematurely for the presentation of projects and even advancing solutions to problems not yet formulated. Donors might wish to focus more on communities and less on projects, rely less on strategic plans and more on capability to respond, emphasize funding less and advisory and networking support more, support only projects that advance broader processes, accompany communities over time even when not funding them, and encourage communities to slow down and reconsider rather than urge them to formulate, conclude and report.

A People's Capacity to Concert

Repeated observation of human interactions in dealing with issues, particularly contentious issues, reveals a general phased pattern. We can analyze the

evolution of this interaction in five recognizable phases[1] that, like the colors of the spectrum, evanesce from one into the next. The movement along these phases, as occurs in all human interactions, can be fluid and oscillating, advancing and retreating and sometimes still. Progress toward the goal of concerted, sustainable action is achieved at each passing. The phases, discussed at length below, are the following:

- coming together around a concern;
- naming and assuming ownership of the real problem;
- identifying and weighing possible courses of action;
- designing a plan and inviting expert assistance;
- implementing, evaluating and, possibly, recasting.

Communities with capacities to engage effectively and wholly through these phases are likelier to produce and implement solutions that will be sustained. Moreover, evidence suggests communities learn and perfect the process of such conversations by actually engaging in them.[2] Conceptually, the process achieves two things. First it invites communities to devote time and attention to apparently meritorious issues. Second, the community members hone their capacity to deal with such issues and, more importantly, to manage relationships outside their circle of confidants.

This is critically important. As a survival mechanism, humans bond instinctively in circles of trust governed by clear norms. These norms evolve, of course; cultural change is in great part the evolution of such norms. However, the need to survive under precarious conditions tends to harden the norms, making evolution more difficult. Also, under threatening conditions the norms inside the circle tend to emphasize exclusion. This is the common behavior of immigrant groups, who, as defense mechanisms, discourage friendships and marriage outside the community. Issues are dealt with inside the close-knit community, where adherence and loyalty are rewarded. This works as a survival mechanism, but is severely limiting as a space for economic advancement.

Some societies can retain, but transcend, the close-knit circle. Engaging with other communities outside the circle of personal loyalty and trust appears indispensable for economic advancement.[3] To deal with strangers, citizens must come up with new rules of relational behavior, new covenants based on trust in the institution rather than on group loyalty. This is what sociologist Max Weber called "trust based on the institutional role people inhabit versus trust based on personal familiarity."[4] Such broad covenants, sometimes referred to as "civic behavior," allow society-wide institutions to operate. In that regard, Nobel laureate Douglass North stated the following:

> *Learning to trust the behavior of strangers may be the greatest challenge to social and economic development; the major historical obstacle to economic growth has been the inability of societies to move from personal to impersonal exchange.*[5]

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[1] The insight of the phased conversation was first expressed by Harold Saunders in *A Public Peace Process: Sustained Dialogue to Transform Racial and Ethnic Conflict*, St. Martin's Press, New York, 1999.

[2] For a recent reference see Falk, Ian and Lesley Harrison, "Indicators of Social Capital as the Product of Local Interactive Learning Processes," Centre for Research and Learning in Regional Australia, Paper D4/1998 in the *CRLRA Discussion Series*, the World Bank, 1998.

[3] This argument has received great attention since the appearance of Francis Fukuyama's work, *Trust: The Social Virtues and the Creation of Prosperity*, The Free Press, 1995.

[4] Cited in Linda Perlstein, "Suspicious Minds," *The Washington Post Magazine* (July 22, 2001).

[5] North, Douglas C., "Economic Performance Through Time: The Limits to Knowledge," Working Paper, Washington University, St. Louis, 1997 (p. 19).

Engaging in such community conversations develops the capacity to create these broader covenants on which development is based. It happens normally in phases.

First Phase: Coming Together Around a Concern

Some degree of collective action to address a shared concern is common in all human groups, particularly in response to a crisis. It has also been documented that a community's capacity to come to understandings for such shared action, its *capacity to concert*, will make a critical difference in its capacity to deal with all issues, and hence in its economic and social success.[6] Of particular importance is how human groups develop the covenants, the civic cohesion or social capital, that would allow construction of trustworthy public institutions and, hence, the capacity to transact with strangers.

Fukuyama[7] affirms, "The systematic study of how order and thus social capital can emerge in a spontaneous and decentralized fashion is one of the most important intellectual developments of the late 20th century." Sachs[8] argues however that the evolution toward this "order and social capital," this culture of values and practices that are conducive to economic development, is not automatic. Crises and natural disasters trigger collective action, but the effects tend to be short-lived once the crisis abates. Considering more lasting alternatives, Huntington[9] speculates whether political leadership can substitute for disaster as a catalyst for trustworthy public institutions. He concludes that too is unreliable in the long run since in the absence of public covenants the institutions will not outlive the person of the leader. Susskind and Zion[10] then point to the need for public conversations to build such covenants, and emphasize the prerequisite of a constructed consensus—presumably built with time and effort via a facilitated dialogue—rather than a one-shot majority expression. They argue such a dialogue must include all the voices of the community, operate through transparent, participatory rules, actively seek to discover the common interests, and be geared to eventual action.

It seems clear that only a concerted conversation will produce the social capital that will foster development. The question for aid donors, then, is how to get that facilitated conversation going in the first place. Donors have increasingly relied on local intermediary organizations as effective lenses for communities' needs and as providers of technical services. Evidence now suggests[11] that, properly trained, intermediaries can be catalysts for these civic conversations. Donors might wish to consider casting intermediaries in this new light, as well as their own interventions and whole programs, devolving to their target populations authority to concert and design development initiatives autonomously.

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[6] For a general presentation of this argument see Daubon, Ramon E. and Harold H. Saunders, *A Citizen's Political Process to Enhance Civic Life for Communities'Economic Development,* Kettering Foundation, 2001.

[7] Francis Fukuyama. "Social Capital" in Harrison, Lawrence E. and Samuel P. Huntington (eds.), *Culture Matters: How Values Shape Human Progress*, Basic Books, 2000 (p.103).

[8] *Op.cit.*

[9] Samuel P. Huntington, "Cultures Count," in Harrison and Huntington (eds.), *op.cit.* (p. xiii).

[10] Susskind, Lawrence and Liora Zion, "Strengthening the Democratic Process in the United States: an Examination of Recent Experiments," Draft Working Paper, The Consensus Building Institute, Cambridge MA, March 2001.

[11] See Group Research Work Group, "Pathways to Citizen Engagement," Kettering Foundation 2001; Susskind and Zion (*op.cit.*); Huntington (*op.cit*); Fukuyama, in Harrison and Huntington (*op.cit*); and Sachs (*op.cit.).*

Donors must relinquish the power to plan the development of others. Ultimately, development *is* about the internal capacity to identify one's own problems and carry out one's own solutions. Local governance and the context of local government and local civil society provide the ideal laboratory to test and develop this thesis.

Except in controlled experimental conditions, donors are unlikely to come across communities on the verge of initiating such a dialogue. Even local intermediary organizations with good knowledge of their home turf will run into such communities probably only after they are far along in their conversation. The challenge to intermediaries and donors is to encourage communities to return to invest the necessary time and effort in arriving at the formulation of projects. Ideally, donors would support local intermediaries' availability to communities through this extended conversation. The structure of the conversation will revolve around a central core of a handful of initial instigators, plus a group of maybe a dozen recruited adherents to represent as many voices in the community as possible. These persons in turn rely on their intimate circle of trust as their eyes and ears in the community. This group will commit to meeting regularly.

An important caveat, however, is the representativeness of the initial group. On one hand, the conversation should reflect all voices in the community so the formulation of the problem and the design of the solution reflect the values of all. On the other, there might be engrained resistance to some voices for racial, social or historical reasons. The catalysts and conveners would have to decide whether to first be inclusive and then proceed to propose a separate conversation on that strained relationship with members of both groups[12] or to proceed without the excluded group. In the latter case, the group must be aware that the problems and solutions proposed will lack the viewpoint of the missing voice, and a recasting of the problem might be necessary when the community is ready to come together.

A critical consideration is the useful role of actors from outside the community. While ownership of the conversation must always remain with the community, a passive outside actor, such as an intermediary service organization, can provide the "glue" holding conversation together.[13] First of all, the outside agent can be the initial instigator or catalyst of the process, although providing the underlying conditions is never solely the result of such an outside intervention. Still, even after enough community members come to realize "something" needs be done about an issue, without a catalytic spark they may not move to conduct fact-finding, identify the leavening agents, and inject ideas on the process and its relationship to economic development.

The outside agent serves as the connector that brings different groups together and helps create the space for such an ongoing interaction. The role can take the form of facilitator, if the conversation lags, or moderator, if it becomes too intense. A respected outside party can also serve to legitimize the process and its actors in the eyes of the official structures, of international donors and of other community members who might initially have misgivings. The external agent can be a continuing trainer (or procurer of training) as the conversation moves along. Finally, the outside agent must remain a neutral monitor of the process itself and of the success of its implementation.

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[12] The mechanism of the "sustained dialogue" facilitates this very difficult conversation under conditions of even severe stress. See Saunders (*op.cit.).*

[13] From Randa M. Slim, *Report on the Economic Development Committees—Tajikistan 2001*. Slim and Associates, Dayton OH, June 2001.

Phase Two: Naming and Owning the "Real" Problem

This is a trying phase in which parties to the dialogue group try to focus on the fundamental problem. The initial reason for coming together is a shared but unspecific concern. The purpose of this phase is to forego the temptation to act immediately by attacking the visible symptom, and, instead, try to discover the root problem, which is more likely lead to a sustainable solution. The conversation may begin as restrained, but, once the group begins digging, may give way to recrimination, even accusations. This stage could last several sessions. Depending on the sensitivity of the conversation, group members will consult with family and trusted associates about the problem and its underlying causes. At times, the group may seem to progress only to revert to accusations as the search for the root problem deepens.

The range of choices as to the way the group goes about naming the problem depends on the level of the underlying animosities. At one end of the spectrum is the systematic naming exercise familiar to those who have practiced deliberative dialogue in some form.[14] Participants constructively manage their differing interpretations of the problem and are able to come up with a consensus definition. At the other end of the spectrum is an exchange in which animosities are so intense that participants must vent their anger, grievances and concerns before they can crystallize a priority problem. A process of sustained dialogue can manage such a conversation.[15] Somewhere in the middle is a group that can come together around an identified problem and begin work while realizing the need to probe more deeply and redefine it. This allows the group to garner a sense of action and begin to do something, even while realizing that it may have to revisit the definition of the problem. Most communities will fall in this middle range. It is hoped that as they tackle problems they will learn about interacting and the value of shared work, and will be willing to come back later to deal with the problem at a deeper level. This is how these shared covenants, this social capital, are built. By one route or another, the group will arrive at an understanding and naming of "the" problem. Inevitably it will ask, "So what do *we* do?" That "we" is critical. Now the problem is not one which one group accuses another of causing, but one they all share.

Phase Three: Identifying and Weighing Possible Courses of Action

With a clear idea of the problem, the group can begin to focus on a response. The timing of individual steps depends on how long the dialogue group needs to talk within itself to identify possible directions before engaging the broader community.

To ascertain alternative approaches for dealing with the problem, the dialogue group may rely on relevant existing "issue books," such as those developed by the Kettering Foundation[16] for deliberative forums in the U.S. or by the Inter-American Democracy Network in Latin America.[17] More likely, it may want to do its own "framing" of the public issue. All of this work can be done within the group or can involve others. If relationships within the dialogue group remain

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[14] See, for example, David Mathews, *Politics for People*, Kettering Foundation (2nd edition), 1998.
[15] See Saunders (*op.cit.*).
[16] See David Mathews (*op. cit.*).
[17] See www.RedInter.org.

tense, the group may choose to use these analytical processes within the group until it is confident engaging the public will be constructive. When the group is ready to reach out to the community, this framing of alternative approaches can be developed and tested beyond the dialogue group, be it with associates or with ad hoc focus groups.

Training will likely be needed for the framing exercise as well as for moderating and monitoring the follow-up community forums. This is available from a number of sources and through variety of methods the intermediary organization can help identify.[18] Each deliberative method has special strengths depending on the community's characteristics and the time and effort allocated to the broader conversation. The broad community meetings should be held as often as feasible and the results of those conversations should be documented and brought back to the dialogue group. They provide the kernels of consensus around which a sense of direction is built. The presentation of alternative directions should identify the tradeoffs among the options, and these should be based on competing values (for example justice, expediency or compassion, if the issue is crime). There is no "perfect" solution and the community has to discover its own path based on its own weighing of competing values. It is not yet a technical decision. This is also why expert help should *not* be involved at this stage.

Once a sense of direction is gleaned from the conversations with the broader community, the dialogue group can set out to formulate a plan of action. Before outside resources are considered, however, the community would do well to survey its own resources and be willing to draw first from them. Sustained development is mainly about self-reliance. A sense of the resources available will require involving the group of trusted associates in an assessment of the community's civic assets and weaknesses. The strengths should be the cornerstone of the future plan and the weaknesses should be addressed.

Phase Four: Designing a Plan and Inviting Expert Assistance

Once the direction for action is agreed upon, the construction of an action plan offers an opportunity—indeed, the necessity—to devise ways of bringing the community together around dealing with the problem. Several things are critical. First, it is worth repeating, the plan should capitalize on the community's civic strengths—the capacity of citizens to act in a public way—and try to address the weaknesses. Second, the design of the plan should also involve business and government actors, for example, via partnership arrangements. These voices would ideally have been present—albeit as private voices—from the beginning, and their resources should be an important component of the plan. Third, all of the community's various voices should be heard in the process. Fourth, the plan should be sequential and interactive, with care taken to identify steps to be taken first and impact on others, and designate the parties responsible for each step. Fifth, the plan should include an ongoing evaluation of progress, as well as mechanisms for orderly mid-course corrections. And sixth, the community should be consulted again before implementation is attempted; it is paramount that it be seen as the community's plan.

[18] For example, information on National Issue Forums and on Sustained Dialogues can be obtained from www.Kettering.org; on Study Circles from www.studycircles.org; and on the Open Spaces methodology from www.openspaces.org.

The design of the plan may require some expert help, from help in assembling public-private partnerships to help in processes of planning and evaluation. Moreover the process of consultation with the community should be extensive and may be drawn-out. This consultation and study may mandate modifications to the plan, but this will enhance the community's sense of ownership and fire-test the plan, thus improving its quality.

Phase Five: Implementing, Evaluating and—Possibly—Recasting

Implementation of the plan will follow once the who, what and when have been ascertained. Given the pioneering and broad participatory nature of this effort, a constant sense of "how we are doing" is necessary, for which parties to the dialogue group may rely partly on their circle of trusted associates. The dialogue should internalize continued feedback and determine whether midcourse corrections are necessary. Moreover, it should probe to ascertain whether an underlying, unresolved issue impedes implementation. If so, the dialogue group should be open to returning to previous phases of the conversation:

- Is the plan formulated to take us in the direction we determined we wanted, relying on the community's own resources as much as possible, and in a logical sequence of steps? (Return to Phase Four.)
- Are we still sure this is the direction in which we wish to go? Have we discovered a choice that was not considered the first time around? (Return to Phase Three.)
- Did we really identify the underlying problem, or are we dealing with a symptom which will be unresolved until the underlying cause is addressed? (Return to Phase Two.)
- Were some voices left out of the initial conversation, without which the problem cannot be precisely defined, much less resolved? (Return to Phase One.)

This citizens' political process may never end; a community—like a person—is always engaged in improving itself. But as the dialogue group goes through each cycle it matures. It will have confronted some of its underlying conflicts, engaged in joint efforts notwithstanding and accomplished measurable results, considered its failings and corrected direction as a consequence, opened its actions to public scrutiny, and fed the findings of that scrutiny back into its own processes. And as the dialogue group consults with associates and engages the broader community in deliberation, evaluation and study, this maturation spills out and spreads. This frustratingly slow, often painful labor is the distillate of public capital. What remains after this process will be strictly authentic and effective beyond criticism. These norms of relating, these shared covenants, are the essence of democratic society and the bedrock of prosperity.[19]

. . . And Now to the Real World

In preparation for this study, I surveyed IAF's program officers for recommendations as to projects that would best highlight the Foundation's capacity to tap the democratic potential of its grantee communities. Of some 20 projects

[19] See Daubón and Saunders (*op.cit.*).

identified, eight were selected: three in Mexico and one each in Guatemala, El Salvador, Costa Rica, Ecuador and Brazil. Rather than focus on the project as financed by the Foundation, I preferred the target community as the unit of analysis. After all, development assistance is about communities. All of the communities were undergoing a general process as described in this paper. All had convened around a concern, focused on a specific addressable problem, identified a strategy to deal with it, designed a project, and carried it out. All had hurried through the convening, naming and direction stages to reach the project design stage. The temptation of possible funding is just too great to delay. All could therefore benefit from some breathing room to revisit these phases of the conversation. The conclusions, below, address what each may have missed and what each stands to gain by strengthening this capacity to concert.

[Of the eight projects Dr. Daubón studied, four are included in this publication.—ED.]

Conversations and Coca-Cola in a Salvadoran Town

Nejapa is not one but four processes. After the terrible civil war in El Salvador officially ended, the harder task of constructing the peace began. Not only was the country physically devastated but, as happens after such fratricidal wars, wounds and hatreds hindered reconstruction of the national fiber. Within the peace process, El Salvador rode the hemisphere's waves of privatization, decentralization, empowerment of the local level via resource devolutions and strengthening of civil society organizations to complement the effort of local government. As elsewhere, in El Salvador the trend also saw the creation of a government-funded "social interest fund" which, although often manipulated for partisan purposes, did generalize the practice of thinking about exclusively local initiatives.

This set the stage for Nejapa, a small town on the far outskirts of San Salvador and fortunate in several respects. A leftist stronghold during the war, it had escaped the physical damage inflicted on other towns farther out. But its relative safety drew a flood of refugees. As the war ended and former guerrillas were legitimized as a political party, Nejapa adhered and elected a leftist mayor. To deal with the issue of refugee housing, he actively sought collaboration from all segments of the community, including former antagonists. This speeded the healing process; it also became the first of Nejapa's four civic processes.

Meanwhile a group of community activists distrustful of partisan politics began to form the area's more than 50 organizations into a civic association to attend to Nejapa's many economic problems. Unable to qualify legally as a tax-exempt NGO, the group opted for the more general status of trade association and called itself Asociación de Concertación para el Desarrollo de Nejapa (ACDN). Regardless, it aimed to set the community on its own development path. ACDN was Nejapa's second process.

At the same time, two of San Salvador's largest businesses, Nejapa Power, a privatized local power company, and EMBOSALVA, the local Coca-Cola bottler, were looking for an industrial site with reliable access to potable water. Nejapa sits on one of the country's best sources of underground water, and both companies approached City Hall looking for a deal. Given the initially cool reception, company management sought to garner broader support directly among the community: Nejapa's third civic process.

Finally, the Fundación para el Desarrollo de El Salvador (FUNDE), the country's premier social science research organization which had a previous relationship with the IAF, and the Fundacion Salvadoreña de Apoyo Integral (FUSAI), its most seasoned development intermediary NGO, were actively seeking a role in reconstructing the peace. In their search they stumbled upon Nejapa and its three parallel processes. Inspired by FUNDE's thinking, FUSAI, Nejapa's fourth civic process, was the catalyst that brought it all together.

Everything happened in stages. The municipal government and the two businesses, after coming to an understanding, were ready to engage in a partnership that would guarantee water to the industrial plants in exchange for their support for municipally-sponsored housing and micro-business programs. Meanwhile, the ACDN had approached the IAF for a loan fund to match a government challenge program for small business development, but had been alerted by environmental groups about the potential danger to Nejapa's underground water table posed by indiscriminate industrial pumping. This concern drew them to City Hall, albeit first in protest. FUSAI, finally, had discovered ACDN and was proposing to it a development partnership with City Hall.

Thus began the conversations that, in one of the most remarkable deliberations in the IAF's experience, led to this four-part consortium. Several aspects of the Nejapa experience are unique. First is the pragmatic nature of the Marxist-business partnership including the mayor, Coca-Cola and the privatized power company. Their marriage of convenience around an environmentally hazardous initiative—depleting the underground water supply—is not without irony. Curiously, this environmental threat brought the citizens' association into the partnership, first in a threatening mood, spurred on by FUSAI and inspired by a master plan for a development model conceived at FUNDE. Most ironic is that conceptualization on the governance of the partnership happened after the opportunity of a matching fund brought the partners together, placing the financial cart before the organizational horse. Regardless, and in spite of the lack of an organizational culture to begin with (or perhaps because of it!), the likelihood of the development fund created the critical resource mass and offered new space for negotiation and concertation between the disparate parts.

Regardless of the odds against it, the marriage has worked—because the civic group had had the foresight to organize; because the Marxist mayor was looking for help with a pressing housing situation (and to prove himself as a constructionist after the trauma of the war); because EMBOSALVA and Nejapa Power needed water which compelled them to look for goodwill; because FUNDE had focused on municipal partnerships as a development model; and because FUSAI was seeking a place to try out the model.

The *Fondo de Contrapartidas el Desarrollo Local de Nejapa* was officially created in April 1998 with funding from the two member businesses and the IAF. It is co-administered by FUSAI and open to new funding partners. The 36 communities first attracted to the partnership have doubled to 72. The fund has dealt with issues of housing, reforestation, electrification, environmental studies, road and recreational infrastructure, and training in civic participation and community leadership development. An assembly of its founding partners and an appointed executive committee governs it. General priorities and specific projects are decided by a two-thirds vote.

ACDN, as the people's representative in the governance structure, carries a special democratic responsibility. Its discourse[20] emphasizes the capacity to concert in its title. Within the partnership's administration, ACDN, the only civic association is a conduit for public voices. While appreciating the difficulties involved in the mechanics and Director Antonio Orellana laments there is not more concerting. So far, the projects endorsed by the partnership are quite impressive, but all have a patently "municipal" feel as activities a mayor with resources would undertake. There is little promotion of income-generating businesses, other than the public market building, again a typical municipal undertaking in Latin America. One wonders what other issues a public deliberative process might uncover. As part of the commitment to "walk along" with this effort, supporting donor organizations might consider a small civic investment engaging a program of conversations throughout the communities in Nejapa.

Centro Agricola Cantonal de Hojancha: Concerting in Guanacaste

The history of Hojancha's Centro Agricola Cantonal (CACH) dates from1978 and is interwoven with the history of the community. CACH first received IAF support in 1981, for its credit and technical assistance programs, and is now one of the most successful community development experiences in Costa Rica, with 325 active members in agricultural and related programs. CACH is governed by a board of directors elected by its membership. Since 1985, CACH has received no direct donor support and is fully funded via sales of services to domestic sources, specifically through an 18 percent overhead charged for its services under government supported programs. Indirectly, CACH has benefited from USAID support to the government of Costa Rica for protection of forests and basins. This support is now disappearing.

The small settlement of Hojancha was not even officially a town 20-some years ago, and one of its first struggles was to incorporate so as to take advantage of government forestry programs reserved for townships. Community-wide mobilization and effective advocacy in the national capital won Hojancha its township status more quickly than it was accorded to larger communities nearby. The catalyst for this civic action was the local parish priest, a Spanish citizen, aided by a band of energetic young professionals.

CACH was founded to take advantage of government extension programs for diversifying the community's economic base beyond coffee and cattle toward forestry and other agricultural activities. The critical situation in Guanacaste province, after subsidized beef prices fell, attracted the U.S.-based service intermediary ACCIÓN-AITEC and a "Diagnóstico Económico de la Peninsula de Nicoya" which identified the need to diversify. The community mobilization was built upon existing structures, especially a well-established coffee growers' cooperative. It began in earnest after the apparent failure of government extension agents to deal directly with farmers and encouraged them to reforest. ACCIÓN then brought in the IAF for basic agricultural development support. A second IAF grant supported forestry development and a forestry credit program as well as a beekeeping and honey processing initiative. Other international support, including an Inter-American Development Bank loan, followed. Today

[20] See *Concertacion y alianzas para el desarrollo local: La experiencia del Fondo de Contrapartidas para el Desarrollo Local de Nejapa*, Fondo de Contrapartidas, Nejapa (December 2000).

CACH's staff of 30 specialists provides services in forestry, cattle, coffee, legumes, vegetables and beekeeping.

Hojancha's success deserves attention because its internal process was particularly difficult. While vying with other communities for township status, Hojancha seemed quite coherent and single-minded under the inspired leadership of the parish priest. The process, however, diverged with the priest on one side and CACH on the other. A deep sense of competition still pervades.

The Hojancha process is unique in several ways. For one, partisan politics plays a more visible role here than in the other projects visited for this report. The divide is not only along party lines but social, with an apparently populist right wing constituency loyal to the priest, who has now created his own local political party, and a progressive lower middle-class group working with CACH, whose clients are small (averaging about 40 hectares) but not destitute landowners. From the beginning, the Hojancha process, in both streams, has emphasized production over organization, which was possibly key to the situation. While the initial convening was widespread, the effort was consumed with the immediate goal of township status and government forestry support program. The community organizing behind the thrust was taken for granted (particularly given the strength of the previously existing cooperatives) and the focus on forestry production as a new solution was never questioned. It was matter of designing a better program and implementing it.

Also, CACH assumed a role as catalyst and facilitator beyond that of NGOs in the other projects visited and more akin to the "internal" NGOs created in indigenous communities in Ecuador and Guatemala described elsewhere in this report. While those represented tightly knit communities ethnically defined, Hojancha was a looser community segregated by class and partisanship. Class segregation, and the rivalry it spawned, might not have been as damaging without the partisan tinge—which unfortunately contaminated the local rivalry with strains of the national partisan debate and made more difficult the construction of community covenants.

It also has the practical disadvantage of connecting local development with local partisan infighting. Absent a culture of broad civic engagement (which neither half of the process here chose to cultivate) local partisanship becomes typically quite fierce. Partnerships and effective projects are then redefined with every change of occupants at city hall and so never receive significant public commitment. It would have been better for the two groups to remain initially separated by class but also in terms of spheres of action. This would have left the door open to a possible convergence in the future after the live-and-let-live period had exhausted the possibilities of either group. Guanacaste has considerable growth potential in agriculture within Costa Rica, and in lumber and lumber products for export.

But that seems unlikely in Hojancha. CACH is singularly effective as a development generator under difficult circumstances, albeit within its narrow constituency. A "clone" IAF project with a Comité Agricola Cantonal in neighboring Andayure failed for economic reasons. But CACH will be restricted in its potential by its political scope. Partisanship is a zero-sum game, as politicians know. Citizenship, on the other hand, is a game of discovering limitless possibilities. The challenge to the community is what to do and who should do it. Currently, no internal or external actor is available with the legitimacy to convene a broader conversation. Meanwhile Hojancha's considerable potential to go far beyond the confines of Guanacaste will remain unfulfilled.

A People's Capitalist in the *Sertão*

Valente means "brave." One has to be brave to survive, braver still to thrive, in the *Sertão,* the arid vastness of Brazil's Northeast where the municipality of Valente is located. Audacity probably helps too in this desolate and often forgotten historical backwater of Bahia. "The *Sertão* contains everything that we need and if something is missing, people will invent it," is the motto of APAEB (Association of Small Agricultural Producers of the State of Bahia). Such bravado would sound foolhardy, were it not for all APAEB has pulled off.

Celebrating its 20th anniversary in 2001, this legion of dreamers and community organizers is one of the most successful grassroots development experiments in the IAF's already exemplary catalogue. This designation is nothing short of astounding. To earn it, APAEB focused on the one abundant agricultural resource in the *Sertão*, the sisal plant, considered nearly worthless, and turned it into the bedrock of an industrial conglomerate with sales exceeding $11 million, more than 860 well-paid jobs, and over 1,500 participant beneficiary farmers in 52 communities in 15 municipalities in the region.

APAEB is governed by an 80-member general assembly, elected by its beneficiaries, and a 23-member board of directors that meets monthly to oversee business matters. Although accountable to its members, APAEB sees itself primarily as a service organization, meaning it makes industrial operations pay for the services offered. The enterprises are indeed run with enlightened management—for example, professional development is amply encouraged and provided, which results in a more enthusiastic, effective and productive workforce. APAEB competes favorably in wages and prices in all leagues; 70 percent of its output is exported to established markets in Europe and North America. Operating 24 hours a day, seven days a week with four staggered shifts of workers, it uses every ounce of its capacity and is considering plans for expansion. APAEB makes money.

In addition to sisal, whose processing APAEP integrates vertically from the time it leaves the farm in its initial shredded state to the finished exportable product, the organization operates successful businesses in goatskins and related leather products, goat milk and related products, a supermarket and a struggling FM community radio. The latter, its one losing operation, is nevertheless key to APAEB's community learning efforts and is thus seen more as a service than as business. APAEB has received grants from various assistance agencies other than the IAF, including international Catholic charities, bilateral aid programs and Brazilian organizations. However, APAEB is now essentially self-supporting from its industrial operations.

With its profits (and it must be added that APAEB's industrial operations are fully taxed under Brazilian law) APAEB funds the services that are its *raison d'être*:

- technical assistance in farming sisal and supplementary agricultural crops and in the integration of animal-raising with agricultural by-products;
- technical training for farmers as volunteer change agents in their own communities;
- a family agricultural school, a general and agricultural secondary education facility modeled on the French *école familiale rurale*, serving 79 students in two alternating resident groups;
- experimental programs in hydroponics, reforestation, water collection and management, and solar energy;
- community seminars in a variety of topics, such as the environment, education and public health;

- support for community radio;
- support for folk life and cultural activities;
- support for citizenship education and the citizens forum.

APAEB is not particularly democratic in its functions but it is quite so in its values. APAEB sees a clear role for private enterprise in a democratic society, apart from its own purely "social" service activities. It believes a society of prosperous, self-sufficient individuals, if connected by civic values, will be ripe to engage in democratic actions beyond the purely productive. APAEB encourages its beneficiaries and employees to engage in "public" community activities. The fundamental point in terms of development assistance is that service provision need not be per se intrinsically democratic to set the stage for a democratic community. To the extent it prepares the service beneficiaries for a life of economic independence, it primes the pump for broader-based civic activities. APAEB on one hand runs a notably successful economic support program and provides its own example of self-sufficiency by essentially paying for itself.

Beyond that, APAEB motivates its beneficiaries and staff to engage in democratic action and serves as a convener and facilitator. Together with the local farm workers syndicate, various churches and other civic actors, APAEB was one of the original conveners of the *Foro Ciudadano* or citizen's forum. Conceived as a space for civic deliberation, the *Foro* has since been formalized as a separate institution to which APAEB provides office and meeting space. In terms of beneficiary participation in civic matters, clearly, the individual decision to engage in civic action, and at what level, is a personal one. It may be too much to expect struggling producers to engage in such action while their economic survival consumes most of their time. But by offering the example of what civic action is like, APAEB facilitates possible engagement in the future.

In terms of venturing outside its circle of trust, APAEB collaborates with the municipality of Valente (which donated the land on which the industrial operation sits and covers some of the teaching staff in the family school) but is not directly in partnership. It has cordial relations with the business community, which is very small in Valente and in the surrounding cities. APAEB took a courageous step when it partnered with a private marketing firm to promote overseas export of its sisal carpets. The partner organization was not in Valente but in the state capital of Salvador. This stretched the limits of a closed rural community's willingness to engage with strangers and is a testament to the vision of APAEB's leadership and the trust of its membership.

As a business, APAEB is likely to continue to be successful. It can barely keep up with demand now and has major plans for controlled expansion. The success of the enterprise will likewise ensure APAEB's presence as a community organizer and trainer. Business growth also translates into higher sisal prices, higher incomes for Valente's small farmers and more jobs in the community, further enhancing APAEB's credibility. APAEB now needs to let the community develop by itself, since little occurs there now that is not connected to APAEB—whose source of ideas is limited to its policy-makers. While effective so far, ideas for further economic advancement beyond sisal and beyond APAEB could emerge from a broader community process. APAEB's commitment to community radio is a step in the right direction, as is its in-kind support to the *Foro Ciudadano*. Its business activity should continue unabated as the prime engine of the community's success. APAEB could now use its considerable legitimacy as a catalyst to convene a broader and more engaged civic process to seek new opportunities.

Building Development One Entrepreneur at a Time in Chihuahua

The "community" for the Fundacion del Empresariado Chihuahuense A.C. (FECHAC) is metropolitan Chihuahua, with a million inhabitants, and the entire state of Chihuahua. But FECHAC is not involved in "developing" this community; instead it helps develop the capacities of its residents, one at a time. It was created in 1991 when a group of the city's business leaders proposed a self-imposed tax to deal with housing and flood reconstruction and subsequently requested the government keep collecting the voluntary tax to fund FECHAC's continued operations.

FECHAC is governed by an 18-member board drawn from its membership of several hundred business people in nine regions of the state. It has programs in housing, nonformal education, senior adult education and health as well as a multi-sector AIDS education program and a convening forum for indigenous institutions. In addition, its "social responsibility" program brings the resources of the Chihuahua business community to promote participation in civic affairs. It sponsors a state-wide forum of civil society organizations; a "school for parents" providing parenting support and education to more than 10,300 families in nine cities of Chihuahua; and a micro-credit program, funded initially by an IAF grant, serving more than 1,000 enterprises through 75 urban and rural community banks. FECHAC lavishes attention on its micro-enterprise borrowers, not only in the business and managerial support it provides but also in a range of activities and attitude formation. Meticulous program management underscores for participants the importance of sound business practices.

FECHAC is a firm believer in a strong civil society, which, it emphasizes, can only be built by strong citizens. It sees its role as the formation of citizens one at a time. FECHAC subscribes to the idea of entrepreneurship as an attitude that encourages innovation and risk-taking, not just in business but also in all aspects of public life. Entrepreneurship arises from a sense of possibilities among engaged committed citizen *emprendedores* in a democracy itself born of self-confidence and a belief in the need for trusted public institutions. FECHAC's graduates—all people of modest means—exude a sense of confidence in the future.

FECHAC sees its micro-credit program as an essential ingredient of this belief in creating entrepreneurs one at a time. It does not contradict civic culture, but rather tries to go deeper into individual roots; the capacity to engage in civic activities is based on a prior capacity and attitude to *emprender*. FECHAC sees itself as a promoter of cultural change. Its main challenge, however, is to channel the individual's "emprender" energy into shared interests. It requires perhaps a different vision of the public and private spaces.

FECHAC today has some civic motivation, but mostly of the "chamber of commerce" type. It convenes to identify the community's problems and solutions. FECHAC's challenge is with its own individual business nature, even if it has already made a commitment to go the public way in terms of participants and the membership. It assumes, but hasn't really operationalized, that individual entrepreneurship (both micro and macro) can evolve into civic entrepreneurship. To operationalize this assumption requires the capacity to innovate in both spheres, whether through personal drive or public encouragement.

It is tempting to compare FECHAC with the indigenous organization in San Pedro el Alto in Oaxaca, also part of this study. There, communal entrepreneurship based on traditional relationships has hindered private entrepreneurship by

resting on behavioral rules that resist individual innovation and hence collective evolution. This rigidity may threaten the adaptability and eventual survival of the organization and the community itself. In FECHAC the opposite happens. Individual capacity to innovate has run free and with great energy. It has yet to translate into a new civic sense of the collective.

Chihuahua and FECHAC are due for a hard look at their next step. A shared conversation as citizens between their (big) business sponsors (mostly men) and their (micro-) business beneficiaries (mostly women) is overdue. These circles of trust don't commonly come together, but FECHAC has prepared the ground for a meeting of these two groups. It should be encouraged to proceed. Other segments of Chihuahua society may be invited to join the conversation later. Some may require more work: the poor, the elderly, indigenous groups and youth. Their comfort level in sitting down as citizens with the business groups—and vice versa—may need to evolve. Meanwhile, foreign aid donors might consider small investments in activities to build this civic capital.

Conclusions

The examples above were selected by the Inter-American Foundation as "successful" projects and hence will not be judged again here. All addressed the immediate goals for which they were funded. What interests this examination is the extent to which they succeeded in also leaving a residue of a *democratic* culture—manifested by the creation of institutions (formal and informal, governmental and social, national and local) that reference public behavior, by the norms that regulate those institutions and, perhaps most importantly, by a community's capacity to adjust those norms in response to changing circumstances.

Evidence suggests[21] a strong connection between a community's sense of ownership of its public space and the efficacy of its public actions. It appears the sense of ownership of the issues heightens the sense of control and hence of the potential for effective results, regardless of the difficulties. Increased perceived potential encourages engagement, as the effort would seem less likely to be wasted. Actual engagement in turn generates experience with what works and what doesn't.[22] Meanwhile, this shared learning draws the community together inasmuch as it establishes civic habits of social cohesion—social capital—on which public institutions are built.

It would appear that as the community assumes ownership of its public process, as it invests itself in discovering the underlying issues it must address, and as it designs its own path to addressing them, it will also feel a strong sense of ownership over the result. Having a clearer picture of its goals, such a community will be more willing to experiment with innovation to achieve them. A culture of engaged democracy will thus be more receptive to innovation, to recasting the covenants of relationships and the norms of behavior. It will encourage the expression of new ideas and will be more open to adapt to changing circumstances.

This in turn requires reliable public institutions to mediate behavior, but institutions that are accessible, transparent and responsive. Such institutions should be seen as owned by the governed and susceptible to their modification. The con-

[21] For a bibliographic survey, see "Pathways to Citizen Engagement," Background Report by the Research Work Group, the Kettering Foundation (June 2001).

[22] In *Development from the Grassroots* (Inter-American Foundation, 1984), Albert Hirschman explores the idea of the "generation and conservation of social energy," whereby the practices learned in one community action may be drawn upon for other such endeavors in the future.

nection between trustworthy public institutions and economic success is overwhelming.[23] The predictable behavior they encourage operates on four levels:

- It permits transacting among many communities under uniform norms, allowing the economies of a larger scale of operation.
- It reduces the uncertainty cost, thereby encouraging investment.
- It reduces the cost of transacting between strangers, as it minimizes the need for alternative positions and lowers the cost of information.
- It makes government action more predictable, encourages accountability and leaves fewer spaces for corruption. This gives public policies a "trust space" of time in which to take effect and reduces the political incentive to implement less desirable alternatives.

Note, however, economic success is not a short-run guarantee of civic engagement. While such engagement will be necessary for sustained economic success, it is quite feasible that segments of a community will get their segregated houses in economic order and achieve short-run success. Even well-meaning community development groups may choose to ignore the civic implications of their success or resist the incorporation of democratic values. This is characteristic of underdeveloped countries; it is, in fact, the cause of their underdevelopment. It inhibits the formation of the social capital indispensable for sustained development; a society can remain in this reduced state for an indefinite time.

Finally, a culture that welcomes innovation will require a different definition of leadership. Such an inclusive community will foster a sense of self-esteem, confidence and identity among those who see themselves equally as its owners. Leadership in that context becomes everyone's willingness to propose, to convene and to offer solutions. All feel comfortable in occupying the public space. Meanwhile the role of the public servants of that community is to interpret the will of those governed and inspire them, not to expect them to follow.

Social cohesion and sustained economic success will be in jeopardy if groups within a society are excluded from its broader process. The lack of commitment to abide by covenants generated by the deliberation of others will threaten the applicability of those covenants. To maintain such exclusion requires limiting trust to those inside each person's circle of acquaintances, where *loyalty* is rewarded instead of *merit*. This means forsaking the economic advantages of a participatory culture, as well as its adaptability and proclivity for innovation. A democratic culture, on the other hand, realizes the need for inclusion as the only guarantee of the reliability of its covenants and hence of its public institutions. A democratic culture will seek to include all of the voices.

The above is excerpted from Dr. Daubón's longer work on his recent study, also titled All of the Voices. *His article on the study will appear in the next issue of* Grassroots Development, *the IAF's journal, and his recommendations to donors can be accessed at* www.upd.oas.org—*ED.*

[23] See R. Daubón and H. Saunders (op.cit.) for a detailed presentation of this argument.